

HENDERSON Emerging Markets Opportunities (OEIC)

OBSR Fund Rating
A /  Bronze

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RATINGS

Key Information

Launch Date	16 February 1987	
Fund Size	£238.5m	
Type of Shares Available	Accumulation	
Distribution Date	31 July	
Yield	0.99%	
ISA	Yes	
ISA Transfer	Yes	
Standard Fund Management Charges	Initial	5.00%
	Annual	1.50%

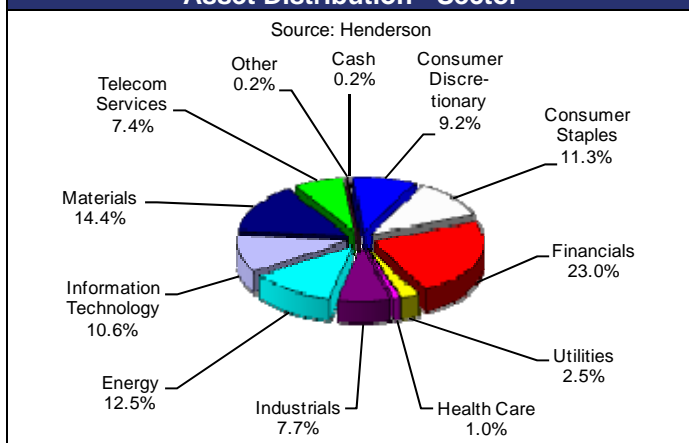
Classification

Sector	Global Emerging Markets
Market Cap / Style	Large Cap Bias / Growth Bias
Benchmark/Index	MSCI Emerging Markets Free

Management/Investment Style

Fund Manager	Chris Palmer (June 2006)
The fund offers investors exposure to emerging market equities, with a bias towards growth stocks and earnings surprises. Idea generation is predominantly driven by bottom-up and sector research but top-down country considerations are also an input, particularly at the portfolio construction level.	

Asset Distribution - Sector



Investment Objective & Methodology

The fund aims to achieve long-term total returns in excess of the return typically received by investing in emerging equity markets.

The lead manager is Chris Palmer, Head of Global Emerging Markets, who is a Principal of Henderson Investment Management. He has been running Latin American products for Henderson since joining the group in 1995 and resumed management of this fund in June 2006. In line with Henderson's emphasis on bottom-up research, all analysts and portfolio managers have company analysis responsibilities organised by sector, including Mr Palmer.

The team's investment ethos is to identify where unexpected earnings surprises may occur as they believe this is a key driver of outperformance. The manager uses a combination of qualitative and quantitative methodologies, applied to stock, sector and thematic analysis, to identify opportunities and considers that the sell discipline is as important as their buying approach.

To cover the large emerging market investment universe, the team uses a systematic stock research process that incorporates industry analysis and franchise analysis and then produces forecasts and valuations at the stock level. However, the manager seeks 'multiple affirmations' of investment ideas to give comfort that the value identified will be recognised within a reasonable time frame. This affirmation can come from a variety of sources such as quant models, macro research and external research. Country selection, another source of affirmation, is driven by two quantitative models. The first has a strategic approach that focuses on valuations, earnings and macro factors to identify attractive countries from the top-down perspective. The second model uses similar variables with the addition of momentum and currency considerations and weights these variables via a time decay factor in order to try to identify change at a faster pace.

The fund can be managed quite aggressively, but this is counterbalanced by a well thought-out portfolio construction process. A sophisticated risk management system provides real-time information on active weights and risk. The portfolio typically has 75 to 90 holdings with a large-cap bias. The manager has the flexibility to invest in small caps but the contribution of each position to risk and tracking error will be carefully considered. Additional filters are applied to stocks before they enter the portfolio based on liquidity and volatility. The manager sets limits based on market risk, price stops, time and target prices and when these limits are reached, the team must consider closing the position.

Top Ten Holdings

	%
Samsung Electronics	4.2
Petroleo Brasileiro	3.2
Vale	3.0
Novatek Oao	2.5
CNOOC	2.0
CITIC Securities	1.9
Hyundai Motor	1.9
Kia Motors	1.7
Cia de Bebidas	1.6
Itau Unibanco	1.6
Concentration (Top 10)	23.7
Total Number of Holdings	82

Source: Henderson

www.obsrfundratings.co.uk

Data as at 31 December 2011
Last Updated January 2012